

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

Ground Control Michigan, LLC
dba GCM Waypoint
License No.: AU-P-000154

ENF No.: 21-00315

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On December 14, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana processor establishment license (AU-P-000154) of Ground Control Michigan, LLC (“Respondent”) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.802(3)(b), R 420.802(3)(g)(ii), R 420.802(3)(g)(iii), R 420.802(3)(g)(v), and R 420.803(1).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint. Therefore, the executive director finds that all of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.802(3)(b), R 420.802(3)(g)(ii), R 420.802(3)(g)(iii), R 420.802(3)(g)(v) and R 420.803(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of seven thousand and 00/100 dollars (\$7,000.00). This fine shall be paid within 30 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). Instructions on how to make online payments can be found under the Tips for Licensees bulletin section at www.michigan.gov/cra. Check or money orders shall be made payable to the State of Michigan with enforcement number “21-

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00315” and license number “AU-P-000154” clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.
3. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.
4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
5. If Respondent violates any term or condition set forth in this order, Respondent shall be subject to fines and/or other sanctions under section 7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, R 420.808.
6. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

This order shall be effective 30 days after the date signed by the CRA’s executive director or his designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 2/20/2024

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov
C = US O = CRA OU = CRA
Date: 2024.02.20 16:18:26 -0500

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MRTMA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MRTMA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the violations set forth in the formal complaint by presentation of evidence and legal authority, and to present a defense to the violations.
3. The parties considered the following in reaching this agreement:
 - a. In May 2021, Respondent was subsequently approved to use the equipment in question.
 - b. In May 2021, the CRA conducted an inspection which resulted in no deficiencies.
 - c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's centralized services director or her designee must approve this proposed agreement before it is forwarded to the CRA's executive director or his designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the CRA's centralized services director, executive director, or their designees reject the proposed consent order.

CONTINUED ONTO NEXT PAGE

By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

Sara Hernandez Digitally signed by: Sara Hernandez
DN: CN = Sara Hernandez email =
HernandezS1@michigan.gov C = US O
= CRA OU = LARA
Date: 2024.02.20 12:20:10 -0500

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 02/20/2024

AGREED TO BY:

Steve Denenberg

Steven Denenberg, Authorized Officer
on behalf of Respondent
Ground Control Michigan, LLC

Dated: Feb 17, 2022

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MARIJUANA REGULATORY AGENCY

In the Matter of

Ground Control Michigan, LLC dba GCM Waypoint
AU-ER No.: 000479
License No.: AU-P-000154
ENF No.: 21-00315

CMP No.: 21-000573

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Ground Control Michigan, LLC dba GCM Waypoint (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), 2018 IL1, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MRTMA and the Administrative Rule promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MRTMA or Administrative Rules.

2. Section 8(1)(d) of the MRTMA provides that the Administrative Rules must ensure the health, safety, and security of the public and integrity of the marihuana establishment operations.

3. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana establishment operations.

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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

4. Respondent holds an active state license under the MRTMA to operate an adult use processor establishment in the state of Michigan.

5. Respondent operated at 54341 M43 Hwy., Bangor, Michigan 49013, at all times relevant to this complaint.

6. Following an investigation, the MRA determined that Respondent violated the MRTMA and/or Administrative Rules promulgated thereunder as set forth below:

- a. On April 21, 2021, Bureau of Fire Services (BFS) conducted an inspection at Respondent's establishment.
- b. During the inspection, BFS discovered Respondent was using equipment for soda production, popsicle production, canning, freeze drying, balm production, and gummy production that was not approved for use by BFS for the phases submitted and approved by inspection.
- c. BFS also discovered Respondent was using a part of the establishment for storage that was not approved for use by BFS.
- d. Respondent failed to obtain approval from the MRA and BFS prior to using the new equipment and a part of the establishment for storage in violation of Mich Admin Code, R 420.802(3), which states licensees shall report to the agency any proposed material changes to the marihuana business before making a material change that may require prior authorization by the agency. Material changes, include, but are not limited to, the following: (b) Change of processing machinery or equipment (g) Any change or modification to the marihuana business before or after licensure that was not preinspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to, all of the following: (ii) Additions or reductions in equipment or processes at the marihuana

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- business (iii) Increase or decrease in the size or capacity of the marijuana business (v) Changes that impact security, fire safety, and building safety.
- e. Respondent is also in violation of Mich Admin Code, R 420.803(1), which states any material change or modification to the marijuana business must be approved by the agency before the change or modification is made.

THEREFORE, based on the above, the MRA gives notice of its intent to impose fines and/or other sanctions against Respondent's license, which may include the suspension, revocation, restriction, and/or refusal to renew Respondent's license.

Under MCL 333.27957 (1)(c) and Mich Admin Code, R 420.704(2), any party aggrieved by an action of the MRA suspending, revoking, restricting, or refusing to renew a license, or imposing a fine, shall be given a hearing upon request. A request for a hearing must be submitted to the MRA in writing within 21 days after service of this complaint. Notice served by certified mail is considered complete on the business day following the date of the mailing.

Respondent also has the right to request a compliance conference under Mich Admin Code, R 420.704(1). A compliance conference is an informal meeting at which Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MRTMA and/or the Emergency Rules. A compliance conference request must be submitted to the MRA in writing.

Hearing and compliance conference requests must be submitted in writing by one of the following methods:

By Mail: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

In Person: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
2407 North Grand River
Lansing, Michigan 48906

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By Email: MRA-LegalHearings@michigan.gov

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter.

Questions about this complaint should be directed to the Marijuana Regulatory Agency's legal section at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 12/14/21

By: Claire Patterson
Claire Patterson, Manager
Scientific and Legal Section Manager
Enforcement Division
Marijuana Regulatory Agency

Digitally signed by Claire Patterson
Date: 2021.12.14 14:07:49 -05'00'